

AN ACT

relating to the Texas Military Preparedness Commission and strategic planning regarding military bases and defense installations.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 436.002, Government Code, is amended to read as follows:

Sec. 436.002. COMMISSION. The commission is attached for administrative purposes to ~~[within]~~ the office of the governor ~~[and shall report to the executive director of the office]~~.

SECTION 2. Section 436.0561(b), Government Code, is amended to read as follows:

(b) The training program must provide the person with information regarding:

- (1) the legislation that created the commission;
- (2) the programs, functions, rules, and budget of the commission;
- (3) the results of the most recent formal audit of the commission;
- (4) the requirements of laws relating to open meetings, public information, administrative procedure, and conflicts of interest; and
- (5) any applicable ethics policies adopted by ~~[the office]~~ the commission~~[7]~~ or the Texas Ethics Commission.

1 SECTION 3. Section 436.057, Government Code, is amended by  
2 adding Subsection (b) and amending Subsection (c) to read as  
3 follows:

4 (b) The director shall hire at least one full-time employee  
5 who is knowledgeable about or has experience with military  
6 installations.

7 (c) The director may hire other [~~governor shall determine~~  
8 ~~the~~] staff within the guidelines established by [~~for~~] the  
9 commission.

10 SECTION 4. The heading to Section 436.105, Government Code,  
11 is amended to read as follows:

12 Sec. 436.105. MILITARY BASE REALIGNMENT AND CLOSURE TASK  
13 FORCE; EXPIRATION DATE.

14 SECTION 5. Section 436.105, Government Code, is amended by  
15 adding Subsections (b-1) and (d) to read as follows:

16 (b-1) A member of the task force is entitled to  
17 reimbursement for travel expenses.

18 (d) The task force is abolished and this section expires  
19 September 1, 2019.

20 SECTION 6. Section 436.152(d), Government Code, is amended  
21 to read as follows:

22 (d) The commission shall refer the defense community to the  
23 appropriate state agency that has an existing program to provide  
24 financing for each project identified in the community's military  
25 base or defense facility value enhancement statement that adds  
26 military or defense value to a military base or defense facility.  
27 If there is no existing program to finance a project, the commission

1 ~~[office]~~ may provide a loan of financial assistance to the defense  
2 community for the project.

3 SECTION 7. Sections 436.153(a) through (g), Government  
4 Code, are amended to read as follows:

5 (a) The commission ~~[office]~~ may provide a loan of financial  
6 assistance to a defense community for a project that will enhance  
7 the military or defense value of a military base or defense facility  
8 located in, near, or adjacent to the defense community. The loan  
9 shall be made from the Texas military value revolving loan account  
10 established under Section 436.156.

11 (b) On receiving an application for a loan under this  
12 section, the commission ~~[office]~~ shall confirm ~~[with the~~  
13 ~~commission]~~ that the project adds military or defense value to the  
14 military base or defense facility.

15 (c) If the commission determines that a project will enhance  
16 the military or defense value of the military base or defense  
17 facility, the commission ~~[office]~~ shall, in accordance with the  
18 criteria adopted by the commission ~~[office]~~ under Section  
19 436.154(a):

20 (1) analyze the creditworthiness of the defense  
21 community to determine the defense community's ability to repay the  
22 loan; and

23 (2) evaluate the feasibility of the project to be  
24 financed to ensure that the defense community has pledged a source  
25 of revenue or taxes sufficient to repay the loan for the project.

26 (d) If the commission confirms that the funds will be used  
27 to enhance the military or defense value of the military base or

1 defense facility based on the base realignment and closure  
2 criteria, to overcome an action of the United States Department of  
3 Defense that will negatively impact the military base or defense  
4 facility, or for the recruitment or retention of a defense facility  
5 and the commission [~~office~~] determines that the project is  
6 financially feasible, the commission [~~executive director of the~~  
7 ~~office~~] may award a loan to the defense community for the project.  
8 The commission [~~office~~] shall enter into a written agreement with a  
9 defense community that is awarded a loan. The agreement must  
10 contain the terms and conditions of the loan, including the loan  
11 repayment requirements.

12 (e) The commission [~~office~~] shall notify the Texas Public  
13 Finance Authority of the amount of the loan and the recipient of the  
14 loan and request the authority to issue general obligation bonds in  
15 an amount necessary to fund the loan. The commission [~~office~~] and  
16 the authority shall determine the amount and time of a bond issue to  
17 best provide funds for one or multiple loans.

18 (f) The commission [~~office~~] shall administer the loans to  
19 ensure full repayment of the general obligation bonds issued to  
20 finance the project.

21 (g) The commission [~~office~~] may provide a loan only for a  
22 project that is included in the political subdivision's statement  
23 under Section 397.002, Local Government Code, or to prepare a  
24 comprehensive defense installation and community strategic impact  
25 plan under Section 397.003, Local Government Code.

26 SECTION 8. Sections 436.1531(a), (c), (d), (e), and (f),  
27 Government Code, are amended to read as follows:

1           (a) The commission [~~office~~] may provide a loan of financial  
2 assistance to a defense community for an economic development  
3 project that minimizes the negative effects of a defense base  
4 reduction on the defense community as a result of a United States  
5 Department of Defense base realignment process that occurs during  
6 2005 or later. The loan shall be made from the Texas military value  
7 revolving loan account established under Section 436.156.

8           (c) If the commission determines that a project will reduce  
9 the negative effects of a defense base reduction on the defense  
10 community, the commission [~~office~~] shall:

11                 (1) analyze the creditworthiness of the defense  
12 community to determine the defense community's ability to repay the  
13 loan; and

14                 (2) evaluate the feasibility of the project to be  
15 financed to ensure that the defense community has pledged a source  
16 of revenue or taxes sufficient to repay the loan for the project.

17           (d) If the commission [~~office~~] determines that the funds  
18 will be used to finance an economic development project that will  
19 reduce the negative effects of a defense base reduction on the  
20 defense community and that the project is financially feasible, the  
21 commission [~~office~~] may award a loan to the defense community for  
22 the project. The commission [~~office~~] shall enter into a written  
23 agreement with a defense community that is awarded a loan. The  
24 agreement must contain the terms and conditions of the loan,  
25 including the loan repayment requirements.

26           (e) The commission [~~office~~] shall notify the Texas Public  
27 Finance Authority of the amount of the loan and the recipient of the

1 loan and request the authority to issue general obligation bonds in  
2 an amount necessary to fund the loan. The commission [~~office~~] and  
3 the authority shall determine the amount and time of a bond issue to  
4 best provide funds for one or multiple loans.

5 (f) The commission [~~office~~] shall administer the loans to  
6 ensure full repayment of the general obligation bonds issued to  
7 finance the project.

8 SECTION 9. Sections 436.1532(a), (c), (d), (e), and (f),  
9 Government Code, are amended to read as follows:

10 (a) The commission [~~office~~] may provide a loan of financial  
11 assistance to a defense community for an infrastructure project to  
12 accommodate new or expanded military missions assigned to a  
13 military base or defense facility located in, near, or adjacent to  
14 the defense community as a result of a United States Department of  
15 Defense base realignment process that occurs during 2005 or later.  
16 The loan shall be made from the Texas military value revolving loan  
17 account established under Section 436.156.

18 (c) If the commission determines that the project will  
19 assist the defense community in accommodating the new or expanded  
20 military missions that are assigned to the military facility, the  
21 commission [~~office~~] shall:

22 (1) analyze the creditworthiness of the defense  
23 community to determine the defense community's ability to repay the  
24 loan; and

25 (2) evaluate the feasibility of the project to be  
26 financed to ensure that the defense community has pledged a source  
27 of revenue or taxes sufficient to repay the loan for the project.

1 (d) If the commission determines that the funds will be used  
2 to finance an infrastructure project to accommodate new or expanded  
3 military missions assigned to the military facility located in,  
4 near, or adjacent to the defense community and the commission  
5 ~~[office]~~ determines that the project is financially feasible, the  
6 commission ~~[office]~~ may award a loan to the defense community for  
7 the project. The commission ~~[office]~~ shall enter into a written  
8 agreement with a defense community that is awarded a loan. The  
9 agreement must contain the terms and conditions of the loan,  
10 including the loan repayment requirements.

11 (e) The commission ~~[office]~~ shall notify the Texas Public  
12 Finance Authority of the amount of the loan and the recipient of the  
13 loan and request the authority to issue general obligation bonds in  
14 an amount necessary to fund the loan. The commission ~~[office]~~ and  
15 the authority shall determine the amount and time of a bond issue to  
16 best provide funds for one or multiple loans.

17 (f) The commission ~~[office]~~ shall administer the loans to  
18 ensure full repayment of the general obligation bonds issued to  
19 finance the project.

20 SECTION 10. Section 436.154, Government Code, is amended to  
21 read as follows:

22 Sec. 436.154. LOAN PROCESS. (a) The commission ~~[office]~~  
23 shall adopt rules, in consultation with the Texas Public Finance  
24 Authority, that contain the criteria for evaluating the credit of a  
25 loan applicant and the financial feasibility of a project. The  
26 commission ~~[office]~~ shall also adopt a loan application form. The  
27 application form may include:

1           (1) the name of the defense community and its  
2 principal officers;

3           (2) the total cost of the project;

4           (3) the amount of state financial assistance  
5 requested;

6           (4) the plan for repaying the loan; and

7           (5) any other information the commission [~~office~~]  
8 requires to perform its duties and to protect the public interest.

9           (b) The commission [~~office~~] may not accept an application  
10 for a loan from the Texas military value revolving loan account  
11 unless the application is submitted in affidavit form by the  
12 officials of the defense community. The commission [~~office~~] shall  
13 prescribe the affidavit form.

14           SECTION 11. Section 436.156(c), Government Code, is amended  
15 to read as follows:

16           (c) The commission [~~office~~] shall deposit to the credit of  
17 the account all loan payments made by a political subdivision for a  
18 loan under Section 436.153, 436.1531, or 436.1532. The loan  
19 payments shall be used to reimburse the general revenue fund for  
20 money appropriated to pay the principal, premium if any, and  
21 interest on the bonds issued under Section 436.158. If loan  
22 payments exceed the amounts required for reimbursement, the excess  
23 shall first be applied to reimburse the expenses of administering  
24 the program and secondly deposited to the credit of the Texas  
25 military value revolving loan account to fund subsequent loans.

26           SECTION 12. Sections 436.202(b) and (c), Government Code,  
27 are amended to read as follows:

1 (b) The commission may not make a grant for an amount less  
2 than \$50,000 or an amount more than the lesser of:

3 (1) 50 percent of the amount of matching money or  
4 investment that the local governmental entity is required to  
5 provide, subject to Subsection (c);

6 (2) 50 percent of the local governmental entity's  
7 investment for purposes described by Section 436.203 if federal  
8 assistance is unavailable; or

9 (3) \$5 [~~\$2~~] million.

10 (c) If the local governmental entity demonstrates to the  
11 commission that, because of a limited budget, the entity lacks the  
12 resources necessary to provide 50 percent of the amount of matching  
13 money or investment that the entity is required to provide, the  
14 commission may make a grant in an amount of not more than 80 percent  
15 of the amount of that matching money or investment requirement but  
16 may not make a grant in an amount that exceeds \$5 [~~\$2~~] million.

17 SECTION 13. Section 436.204(b), Government Code, is amended  
18 to read as follows:

19 (b) The commission [~~office~~] may assist a local governmental  
20 entity in applying for a grant under this chapter.

21 SECTION 14. Section 481.502(a), Government Code, is amended  
22 to read as follows:

23 (a) The office and the Texas Military Preparedness  
24 Commission shall assist defense communities in obtaining financing  
25 for economic development projects that seek to address future  
26 realignment or closure of a defense base that is in, adjacent to, or  
27 near the defense community. The office shall refer the defense

1 community to:

2 (1) a local economic development corporation created  
3 under the Development Corporation Act (Subtitle C1, Title 12, Local  
4 Government Code) for possible financing; or

5 (2) an appropriate state agency that has an existing  
6 program to provide financing for the project, including:

7 (A) the Texas Water Development Board; or

8 (B) the Texas Department of Transportation.

9 SECTION 15. Section 436.001(5), Government Code, is  
10 repealed.

11 SECTION 16. A rule, policy, procedure, or decision of the  
12 Texas Economic Development and Tourism Office with respect to  
13 functions that are transferred under this Act to the Texas Military  
14 Preparedness Commission continues in effect as a rule, policy,  
15 procedure, or decision of the Texas Military Preparedness  
16 Commission until superseded by an act of that commission.

17 SECTION 17. This Act takes effect September 1, 2015.

S.B. No. 1358

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 1358 passed the Senate on April 30, 2015, by the following vote: Yeas 31, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 1358 passed the House on May 22, 2015, by the following vote: Yeas 139, Nays 1, two present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor